

THE BUSINESS PLAN OUTLINE

This outline is meant to serve as a tool for you as you prepare to launch your business idea. It was created to aid you in developing and refining your business concept. The format is designed to allow you to insert your answer to the following questions and print. You will not be able to save your answers on the CD. Therefore, it is recommended that you print two (2) copies- one (1) for your consultant and one (1) for your records.

This tool is meant to serve as a starting point and will need refinement. You may need assistance as you work your way through the outline and to bring it to a final state.

We encourage you to consult with your local Small Business Development Center, SCORE volunteer, or Business Developer.

LET'S get started and begin with...

The Executive Summary

The Executive Summary is an overview and should highlight the most significant points of each of Business Plan.

What type of business is this?

What products/services will be offered?

Is this business a Sole Proprietorship, Partnership, or a Corporation?
If other than a Sole Proprietorship, please describe.

Who is going to manage your business? What are the qualifications of this individual?

What experience, education, and background do you have in this industry or related fields?

What steps have you taken to insure accessibility in all phases of this business? Have you researched the Americans with Disabilities Act (ADA)?

Are you aware of the incentives associated with the ADA?

Where will the business be located?

Is there an advantage to this location?

Who is the target market?

What is your strategy for entering the market?

Who is your competition?

What have you determined their strengths and weaknesses to be?

What is their market share?

What is your timeline for accomplishing your business goals?

How much money is needed to make this business a success?

How much money is needed for marketing?

How much money is needed for operations?

How much money is needed for product development?

How much money are you looking to finance? For how long of a time period?

What are your short-term business goals?

What are your long-term business goals?

What are the strengths of the business?

What are the perceived weaknesses of the business?

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I. The Company and the Industry

Describe the startup and background of your company. You should provide a brief overview of the industry and how your business will participate.

When and where was the company started? (Include date and state of partnership or incorporation.)

What is the organizational structure?

Will this be changing? When?

Where is the business located?

What are the advantages to this location?

Is this location accessible to all potential customers and employees who may have disabilities?

Are you considering a change of locations? If so, why?

Is this a start-up or an operating business? If in operation, for how long?

Did you research the company's name and/or logo? Do you have a trademark or patent on the name and/or logo?

Why did you go into business?

How did you develop this business concept? How long did it take?

What problems did you encounter and how did you overcome them?

What was the timeline for this development?

Who are key individuals involved in this business and what expertise do they have?

How did you identify your market? What type of research did you conduct?

What are your strengths and weaknesses?

How much money have you, or will you, invest?

Where has your funding come from so far, and how has it been used?

Is the investment secured? How?

What are your future business goals?

What strategy do you plan to use to achieve them?

How is your company affected by major economic, social, technological, environmental or regulatory trends?

What industry are you in and what is its current state?

Who are the major competitors in this industry? What are their annual sales and profit margins?

What are your advantages over them, and how will this help you gain a share of the market?

What is the future of this industry? Where is it expected to be in five years? Ten years?

How will your market share increase or decrease? Why?

Who else may get into the industry?

II. The Organizational Structure

The Organizational Structure section provides an overview of the organizational structure of your business, such as ownership and management. It will demonstrate the expertise of the individuals involved in the business and the extent of their involvement.

Why are you going into business?

To what extent will you get involved in the daily operations?

What expertise or experience do you have in this or a related industry?

Are you physically suited for the job?

How many hours per week do you anticipate spending in the business?

What is your personal leadership profile?

Do you believe that you can motivate employees? How?

Explain your organizational structure? (For best results, provide an Organizational Chart)

Have you established clear lines of authority, responsibility, and communication in your organizational chart? Does everyone understand this?

Who are your key managers (as listed in the organizational chart)?

How have they been involved with your business thus far?

What are the responsibilities, duties and/or overlapping functions of each of these respective individuals?

In what manner will they be compensated?

What is the ownership interest of each?

Will there be a Board of Directors? If so, who, and how will they be selected?

What is your business vision statement?

What is your business mission statement?

What are your recruitment objectives and strategies?

How will you retain your employees?

What is your strategy for dealing with the departure, or significant illness/disability, of key people?

Is there a written succession plan?

What is the amount of stock currently authorized and issued?

Who are your current stockholders?

How many shares do each own?

What are the warrants, rights, and options?

Have you obtained professional legal advice regarding this?

What type of accounting/bookkeeping system have you established? Will it be handled internally or externally?

What types of management controls have been established? Are clear policies and procedures in place?

What types of employee controls have been established? Are clear policies and procedures in place?

What types of operational policies and procedures have been established? Has a review process been established to deal with change?

Will these processes foster innovation, motivation, and communication? How?

How will you establish a positive work environment?

What is your anticipated number of employees? What is your average expected turnover?

Who will handle your Human Resource functions? Have they expertise or education in this area?

Will the available labor pool support the number of employees and expertise you will need?

If not, how will you overcome this?

How do your personnel know where they stand?

What are they supposed to do (job descriptions)?

Will you use performance evaluations? How often?

How will you work with employees who may receive poor evaluations?

Will you provide supplemental training to encourage personal and professional growth?

Have you established a clear grievance process? How will you work to avoid such instances?

Have you researched the Americans with Disabilities Act, or ADA?

Have you developed internal and external strategies to effectively implement the ADA? What are they?

Are you aware of the tax incentives associated with the ADA? How will you take advantage of them?

III. The Product or Services

Describe the product or service, special features, benefits, and future development plan of your business.

What is the purpose of the product/service?

Do they solve a problem or address an opportunity? How?

Is it considered a need or a luxury item? Why?

What are its unique features (cost, design, quality, capabilities, etc.)?

What is its life span? Is it susceptible to changes in style?

How does it compare with state of the art?

If a product, what stage of development is it in?

Is the product or service accessible to individuals with disabilities?

How will the product be produced?

Is your product material, labor, and/or capital intensive? Explain

Will all or some of the production be subcontracted? Does your company's survival depend on these subcontracts?

Is this an end-use item or a component of another product?

Is your product protected by a patent, copyright, trademark or service mark?
Are you planning to develop additional products to meet changes in the market? What kind?
What are the regulatory or approval requirements from government agencies or industry governing bodies?
Are there potential liabilities this product may pose and what, if any, are the insurance requirements?
What kind of testing and evaluation has the product undergone?
How does this product compare to similar products?

What, if any, are the special manufacturing or technological considerations, including maintenance/updating requirements?

What are the related services you will provide?

How will they increase the profitability of your business?

When did you begin developing the product?

Where, and under what conditions, was research and development conducted?
Who conducted the research and for how long?
What components are used in the product?
Has the product undergone reliability testing?
What have been the accomplishments and breakthroughs as a result of research and development?

Do you plan to manufacture this product yourself, or license it to an existing manufacturer?

Is the product technology state of the art and how does it compare to your competitors products?

When will research and development be completed?

When will the product be ready for production, marketing, and distribution?

Are you the sole owner of the product rights? If not, who else is, and to what extent?

IV. The Operations Analysis

In the Operations Analysis, explain how you will produce your product/service and ready it for the market.

How will you produce your product?

How much will be done internally? Externally?

What materials and components are required for production?

From where will these components be obtained?

Are any of these parts solely sourced?
Do you have an alternate supplier should problems arise?
Is your business dependent upon subcontractors? If so, do you plan to become self-sufficient and when?
Will you be warehousing components or will you operate on an as-needed basis?
What type of inventory system will you be using?
What is the condition of your production facility and equipment?

Are there any liens on the property or equipment?
What is your anticipated production capacity in dollars? Units?
What will your production cycles be?
What will your fixed production costs be? Variable costs?
In facility and equipment layout planning, what are your current plans? Future plans?
Have you taken into account the production steps when designing your layout in order to expedite production?

Have you researched accessibility requirements for your layout? Have you incorporated these requirements in present plans? Future plans?

How much space has been allocated for non-manufacturing needs?

Have you separated the direct cost to produce each unit? The indirect cost?

What is your breakeven point?

How will you meet safety requirements?

What is your quality control system?

What is the shelf life of the product?

What are your labor considerations? Will you be working with unions?

How have you planned for labor interruptions?

What type of training will be needed?

How will you make the most effective use of your labor pool?
Will employees be trained for multiple tasks?
What are the advantages and disadvantages of your location?
What are the characteristics of your location in terms of size?
Have you met all necessary licensing requirements?
Does your operation pose a potential environmental impact? Have you obtained the needed clearance to operate?

What short-term or long-range plans do you have for this location?

What short-term or long-range plans do you have/need for equipment?

Considering the surrounding area, will this location allow for expansion?

In general, is the surrounding area safe for employees? Customers?

What kind of impact will your business have on the surrounding area?

V. The Market Analysis

The Market Analysis demonstrates a demand for your product/service. It also helps to show that you have the knowledge and understanding of what it will take to make your business a success.

Who or what is your target market?

What is the size of your target market?

What is the profile of your targeted customers?

What are the major applications of your product or service?

What are the buying habits of your potential customers?

How will your product or service have an impact on the customer?

How much will they save? What is their return on investment?

Will they have to purchase other goods and services to utilize yours?

Will they have to change their personal or work habits because of your product or service?

How do you plan to address customer service?

What are the market trends and what factors may affect them?

What are your market share objectives and what is the growth potential?

How will you maintain and increase your market share? What will be the financial cost to accomplish this?

How will you satisfy current customers' needs and how will you attract additional customers to your product or service?

Do other companies, to serve their clients, buy your product/services? If so, what are their future business prospects?

How will you distribute your product and will it be distributed under your name?

What has been the reaction of prospective customers to your product or service?

Will your production be able to keep pace with sales projections?

What are your product/service costs? Produce? Sell?

What are your projected profits by product/service?

What are your current sales goals?

VI. The Competitive Analysis

The Competitive Analysis helps you identify your business' strengths and weaknesses, your competition's strengths and weakness and how you will use this knowledge to effectively compete.

Who are your major competitors?

Is their business steady, increasing or decreasing?

How does your business compare to your competitors' (strengths and weaknesses of each)?

What makes your business different from the competition?

What have you learned by observing your competition?

How will your customers differentiate between your product/services and the competition?

Are you aware of other companies about to enter this market? How will you compete with them?

What threats does your business pose to the competition and will these threats significantly impact your competition's market image?

If there is no competition, will your success cause others to enter the market? If so, how will you react?

VII. The Marketing Plan

An effective Marketing Plan is critical to the success of any business and it is the one element of the Business Plan that is most frequently minimized in the construction of the plan. A good Marketing Plan will provide specific details on how you will enter the market, gain and maintain a market share, and achieve both business and financial projections.

What is the unique appeal of your product/service?

How will you attract and maintain your market share? How will you expand it?

What is your timeline for meeting your sales objectives?

How will you identify prospective customers?

How will you decide whom to contact and in what order?

What type of sales approach will you initiate?

How many salesperson (in-house or independent contractors) will you utilize?

What is your anticipated call-to-sale ratio?

What are the sales goals of each salesperson?

How will the salespeople be compensated? If by commission, what is that rate and how often?

How much direct mail will you use? What do you anticipate the response to be?

What types of direct mail list will you use and how will you obtain it?

Which industry or related trade shows will you participate in? What do you anticipate the response to be?

What advertising/promotion mediums will you use? What do you anticipate the response to be?

How many times per year and for how long?

How much of a financial commitment are you making to this area?
Is e-Business a part of your marketing strategy?
How will you integrate it into your marketing plan? Who will maintain your company's web site and how accessible will it be to all potential customers?
Will your computer system support your Internet sales projections?
What do you anticipate your average order size to be?
What kind of repeat orders can you expect?

What are the timeline for meeting sales goals?
What geographic areas will your business serve? Local? State? Region? National?
What will your pricing strategy be? Will your margins be low or high?
Is your strategy based on a rapid turn? If so, how quickly?
Will you discount? If so, what is your policy?
How often will you adjust your pricing and on what basis?

Should your competition launch a “pricing war”, what is your strategy to deal with it?
What are your sales terms and credit policies?
How will you handle past due accounts? What is your collection policy?
What warranties or guarantees will you offer and how will you promote them?
What type of packaging and labeling will you utilize?
How will this enhance name or brand recognition?

VIII. The Risk Analysis

Understanding risk is a key to success. The Risk Analysis will help you to identify potential risks or problems and how you will deal with them.

What are the inherent and potential problems, risks, and other negatives your business will/may be faced with?

Are you, or your business, involved in any threatened or pending litigation? When and by whom?

Can they be avoided? How can you minimize the impact?

Is any key individual connected to your business involved in any threatened or pending litigation? Who, when, and by whom?

Can they be avoided? How can you minimize the impact?

Is your business facing any stringent regulatory requirements? What type and when?

How will you deal with these? How can you minimize the impact?

Is your business facing any labor problems? When and who?

How can they be avoided? How can you minimize the impact?

Is your business facing legal liability or other insurance problems? What type and when?

How will you deal with these? How can you minimize the impact?

What can be learned from these problems? How will you incorporate this knowledge into future business planning?

IX. The Timeline

This is your business timeline. It will outline your business objectives and explain how and when they will be achieved. For best results, create a visual Timeline chart.

What needs to be done to accomplish the following? Include who will do these things and when.

Finalize your business plan?

Obtain professional assistance such as legal, accounting, or planning consultation?

Generate capital or obtain financing?

Finalize your product or service design?

Finalize your site location?

Obtain the needed licensing or permits?

Recruit and hire your management team?

Recruit and hire your employees?

Train your staff?

Conduct strategic planning?

Identify your market entry plan?

Review your policies and process of operation?

Implement your marketing plan?

Review your business operations to assure accessibility?

Review your market analysis to insure that your goals are realistic?

X. The Financial Data

The Financial Data section describes your current financial status, business projection, the amount and type financing you are seeking; the payback terms; and potential return on investment. This section will require you to be as specific as possible.

Have you contacted a financial planning professional or specialist to assist you with your financial data?

Do you have financial statements for the past three to five years?

Do you have current financial statements for the company?

Do you have past and/or current financial statements on yourself?

Do you have past and/or current financial statements on other principals?

What are the business' financial projections for the first three to five years?
(This information should be included as a chart in your business plan. Chart it monthly for the first year, quarterly for the second, and annually for the third. All financial projections for years four and beyond should be charted annually.)

Are these projections based on debt or equity funding?

How do these projections compare with industry norms? Compare the costs, revenues, and profits.

What assumptions are the projections based on? (Give explanations and best/worst-case scenarios)

What are your business' start-up costs?

What are the costs to produce the product?

What are the costs associated with sales and distribution?

What are the most significant costs of the business?

Are they easily affected by internal or external influences? How will you deal with these?

Do you have a cost and cash flow control system in place (your procedures for monitoring and authorizing expenses)?

Do you have an inventory control system in place?

What are the business' profit margins?

Do projected sales justify entering the market?

Have you completed an analysis of your capitalization decisions?

Have you completed an analysis of your fixed costs versus variable costs?

Have you completed an analysis of cost alternatives?

Have you completed a bread-even analysis?

Have you forecasted the amount of product you will have to inventory?

How much investment do you need? How will it be used?

Will these funds be raised from debt, equity, or both?

What collateral is being offered?

What is the proposed payback period?

Will this be the first request for outside funding? If not, who else has been approached and when?

How much have you and other principals invested? What is each individual's percent ownership?

How will each be compensated for their investment?

What access to public funding sources do you have that you may qualify for?

What provisions have been or will be made for investor liquidity/payback?

What is the potential return to investors? How does this compare to your competition?

Do you eventually plan to go public with an IPO? When?

Are the end results of financing in line with the company's stated objective?

Appendices

Appendix A
Supporting Documentation

Appendix B:
Financial Projections